

RESULTS OF NON-FINANCIAL CORPORATIONS TO 2012 Q2

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Overview¹

The information compiled by the Central Balance Sheet Data Office Quarterly Survey (CBQ) reveals that in the first half of 2012 the gross value added (GVA) of the reporting firms declined by 5.2% year-on-year, extending the contractionary trend displayed throughout 2011 and in the first quarter of the current year. The decline affected all sectors of activity without exception, against a background of weakening domestic demand and slowing exports, although the latter component continued to be the most dynamic. In this respect, it should be noted that it is the firms with the highest levels of export activity that have performed most favourably in recent years, in terms of GVA, employment and profitability (see Box 1).

Personnel costs fell by 1.9%, as compared with virtually zero growth in the same period of 2011, as a result of a step-up in the rate of decline of employment, to -2.2%² (from -1% a year earlier), and moderation in the growth rate of average compensation, to 0.2% (from 1.1% in the same period of 2011). By type of contract, the adjustment continued to be concentrated in temporary employment, with a reduction of 13.5%, while in the case of permanent contracts the reduction was moderate (0.6%).

Gross operating profit (GOP) fell by 8.1 %, a significantly more negative performance than in the same half of the previous year, when it fell by 2.6%. Financial revenue decreased by 18.7%, following the notable increase, of more than 30%, in 2011, which was driven by the rise in dividends, mainly from foreign subsidiaries. Financial costs rose by 4.2%, basically as a consequence of the higher interest rates paid by firms, since the increase in the level of debt was very moderate. The decline in ordinary activities, along with the adverse trend in financial costs and revenue, led to a sharp contraction in ordinary net profit (25.4%), in contrast to the growth of 2.7% in the same period of 2011. The decrease in ordinary profit entailed a fall in the returns on investment and equity, to 4% and 4.4%, respectively, down 0.8 and 1.5 percentage points (pp) from their levels in 2011. The decline was observed in most sectors (industry, wholesale and retail trade and accommodation and food service activities, and the sector that includes other activities), with falls in the return on investment of around 1 pp. At the same time, the ratio that measures the financial cost borne by firms stood at 3.6%, slightly higher than in the previous year, so that the spread between the return on investment and this indicator fell by 0.9 pp, to 0.4%, and in some sectors, such as industry it even reached negative levels.

Finally, extraordinary gains (losses) during the first half of 2012 had a negative effect on the profits for the year. The main reason was the recognition of significant capital losses and the impairment of financial asset portfolios, something that had already been observed in Q1 and that continued in the period April-June. As a result, the decline in corporate earnings steepened, with a fall in the first half of 76.4% relative to the same period of 2011.

1 This article is based on the data supplied by the 737 firms that had reported their quarterly data to the Central Balance Sheet Data Office by 13 September 2012. In terms of GVA, this sample accounts for 11.8% of the whole of the non-financial corporations sector.

2 The CBQ employment data are average data calculated by taking into account the hours actually worked and, consequently, changes in this item may reflect changes in the number of employees and in the average working day.

Since 2010 Spanish exports have been highly dynamic, in contrast to the slackness of domestic demand. This aggregate behaviour suggests that in recent years the activity and results of firms that are more export oriented must have performed better than the activity and results of firms that obtain the bulk of their revenues from domestic sales. This box uses CBQ data for the period 2009-2012 Q2¹ to analyse this question.

A descriptive analysis of the data show how almost half of the CBQ firms are exporters. This relatively high proportion is a consequence of the characteristics of the database, in which large firms, with greater export activity, have a notable weight. An analysis of the four best represented sectors of the CBQ shows that industry is the sector with the highest proportion of firms that sell some of their output abroad (around 80%), followed by wholesale and retail trade and accommodation and food service activities and infor-

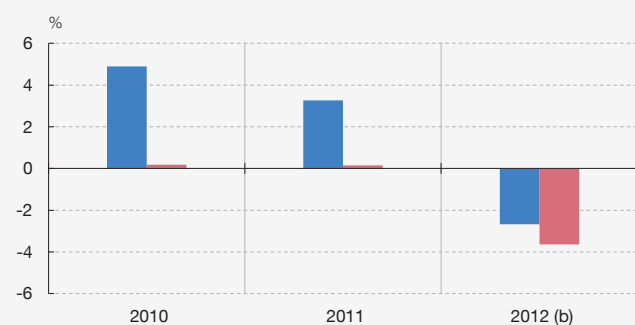
mation and communication (with levels of 40-50%). In the case of energy, only 15% of firms sell some of their output outside Spanish territory. In terms of the weight of external sales in total turnover, there are also significant differences across sectors. On average during the period from 2009 to 2012 Q2, this proportion was around 40% in industry, 10% in wholesale and retail trade and accommodation and food service activities and in information and communication, and 5% in energy. In line with the greater buoyancy of export activity, this indicator has tended to rise in recent years, from 10.4% for the sample as a whole in 2009, to 14.9% in the first half of 2012. The sectoral breakdown reveals that this rise was concentrated in industry, where exports increased from 34.3% to 47% of turnover over the same period. In other sectors the changes were more moderate, although in wholesale and retail trade and accommodation and food service activities the ratio actually declined somewhat, which could be a consequence of the different composition of the sample of firms during these years.

¹ The sample is limited to those corporations for which reliable information on sales abroad is available, an average of somewhat more than 700 firms per quarter.

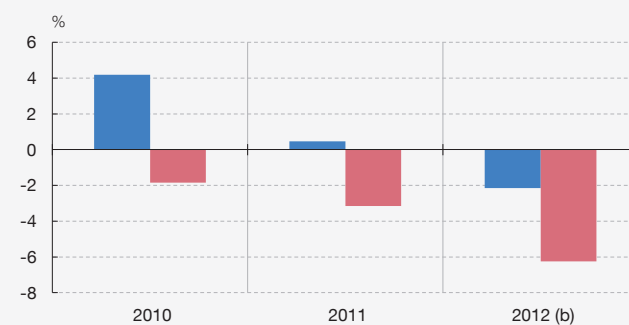
In order to analyse the impact of foreign business on firms' activity and results, the sample corporations were divided into two groups:

RESULTS OF FIRMS ACCORDING TO THEIR EXPORT ACTIVITY (a)

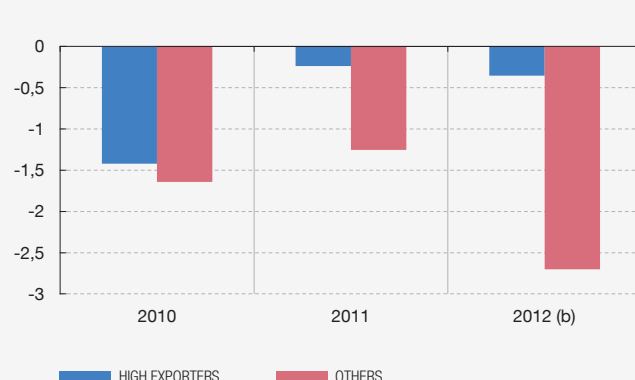
1 RATE OF CHANGE OF TOTAL SALES



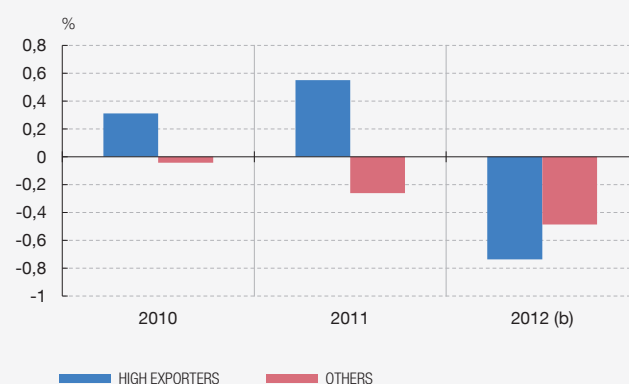
2 RATE OF CHANGE OF GVA



3 RATE OF CHANGE OF EMPLOYMENT



4 RATE OF CHANGE OF RETURN ON INVESTMENT (c)



SOURCE: Banco de España.

- a The panels show the median level of each indicator.
 b The 2012 data include only the first two quarters.
 c The return on investment is calculated as (ONP + interest)/net assets.

“high exporters” and “others”. The first group includes the 25% of firms in each sector with the highest ratio of exports to net turnover, excluding energy firms, given the low level of foreign activity in the energy sector. The adjoining panels show the behaviour of the median company in each of these two groups. It can be seen how firms with a greater propensity to export have recorded a more favourable total sales performance, and how this has contributed in recent years to their greater GVA growth, lower destruction of employment and the more positive path in their return on investment (except, in the latter case, in the first half of 2012).

In short, the CBQ data show how foreign sales have, in recent years, helped to curb the decline in the activity of firms in Spain. However, not all firms have benefited to the same extent, given the significant cross-sector differences in the weight of revenues from foreign business in total turnover, which partly stem from the nature of the good or service sold. At the same time, as one would expect, against a background of weak domestic demand and buoyant exports, the employment and profits of firms with a greater propensity to export have performed more favourably than those of other firms.

When net profit is expressed as a percentage of GVA, in the first half of 2012 it was just 7.8%, far below the level achieved a year earlier (31.3%) and the lowest level recorded in the CBQ series since 1994.

In sum, the GVA of the CBQ sample of firms continued to contract in the first half of 2012, against a background of falling domestic demand and slowing exports. The deterioration of activity was experienced across the board, extending to all productive sectors, and led to an intensification of the destruction of employment (basically temporary contracts). Financial revenue decreased significantly, basically as a result of the lower dividends received. As a consequence of this, corporate profits shrank considerably, as did the return on investment, leading to a further narrowing in the spread between this indicator and the cost of debt, to close to zero.

Activity

The GVA of the CBQ firms fell by 5.2% in the first half of 2012 (see Table 1 and Chart 1), extending the contractionary trend observed during 2011 and in 2012 Q1. This negative performance occurred against a background of contraction in domestic demand (stemming from both consumption and investment) and flagging external activity. In any event, the relative importance of exports in the companies that make up the CBQ sample continued to rise, reaching 14.9% of their turnover (up somewhat more than 1.5 pp from the same period of 2011), to the detriment of domestic sales, which fell by more than 6%, to represent 85.1% of turnover (see Table 2).

The sectoral breakdown shows declines in activity in every productive sector (see Table 3). The sharpest falls were seen in industry and in information and communication. In industry, the decline (of 8.8%) contrasts with the growth of 4.9% a year earlier. This negative pattern was also observed in almost all the industrial sub-sectors, although it affected mineral and metal products, transport equipment and other manufacturing to a greater extent, with reductions of 17.1%, 7.6% and 8.4%, respectively. Meanwhile, in information and communication the contraction was 9.4%, mainly due to the weakness of consumption. This factor also explains the fall in activity in firms in wholesale and retail trade and accommodation and food service activities (1.5%). In the energy sector GVA decreased by 3.8%, although a notable dispersion by sub-sector is detected. Thus, in the manufacture of refined petroleum products GVA fell by 41.2%, while in companies supplying electricity, gas and water it increased by 1.1%. Finally, in the group that covers other activities it fell by 3.7%, with the worst performance recorded in transportation.

PROFIT AND LOSS ACCOUNT. YEAR-ON-YEAR CHANGES AND PROFIT RATIOS
Growth rates of the same corporations on the same period a year earlier. Percentages

TABLE 1

DATABASES	CBA structure	CBA		CBQ (a)		
	2010	2009	2010	2011 Q1-Q4/ 2010 Q1-Q4	2011 Q1-Q2/ 2010 Q1-Q2	2012 Q1-Q2/ 2011 Q1-Q2
Number of corporations		9,836	8,347	814	835	737
Total national coverage (% of GVA)		31.0	29.1	13.0	13.4	11.8
PROFIT AND LOSS ACCOUNT						
1 VALUE OF OUTPUT (including subsidies)	100.0	-12.9	4.8	8.0	9.0	2.2
<i>Of which:</i>						
<i>Net amount of turnover and other operating income</i>	147.7	-13.2	4.5	10.2	11.2	3.5
2 INPUTS (including taxes)	65.8	-15.5	6.5	12.8	14.5	5.6
<i>Of which:</i>						
<i>Net purchases</i>	93.4	-18.6	8.8	18.8	21.2	6.7
<i>Other operating costs</i>	22.6	-6.6	1.5	-0.7	-0.1	-0.4
S.1 GROSS VALUE ADDED AT FACTOR COST [1 – 2]	34.2	-7.8	1.6	-1.3	-1.3	-5.2
3 Personnel costs	19.7	-3.3	-0.3	0.1	0.0	-1.9
S.2 GROSS OPERATING PROFIT [S.1 – 3]	14.5	-13.7	4.3	-2.6	-2.6	-8.1
4 Financial revenue	5.0	-19.3	2.4	6.9	31.0	-18.7
5 Financial costs	4.3	-29.0	-2.2	11.3	10.2	4.2
6 Net depreciation, impairment and operating provisions	6.5	-5.1	1.5	3.4	7.4	-0.1
S.3 ORDINARY NET PROFIT [S.2 + 4 – 5 – 6]	8.7	-13.9	8.9	-7.4	2.7	-25.4
7 Gains (losses) from disposals and impairment	-0.5	—	—	—	-80.2	—
7' As a percentage of GVA (7/S.1)		4.5	-1.5	-5.4	2.5	-9.6
8 Changes in fair value and other gains (losses)	-0.9	3.8	38.5	-78.3	99.6	—
8' As a percentage of GVA (8/S.1)		-4.5	-2.7	-5.8	0.0	-9.4
9 Corporate income tax	1.1	31.2	30.2	-55.4	-21.2	-73.8
S.4 NET PROFIT [S.3 + 7 + 8 - 9]	6.2	44.6	-15.7	-29.2	-15.0	-76.4
S.4' As a percentage of GVA (S.4/S.1)		20.4	18.0	19.2	31.3	7.8
PROFIT RATIOS						
	Formulas (b)					
R.1 Return on investment (before taxes)	(S.3 + 5.1)/NA	6.2	6.1	5.7	4.8	4.0
R.2 Interest on borrowed funds/interest-bearing borrowing	5.1/IBB	3.5	3.3	3.6	3.5	3.6
R.3 Ordinary return on equity (before taxes)	S.3/E	8.7	8.8	7.6	5.9	4.4
R.4 ROI – cost of debt (R.1 – R.2)	R.1 – R.2	2.7	2.9	2.1	1.3	0.4

SOURCE: Banco de España.

NOTE: In calculating rates, internal accounting movements have been edited out of items 4, 5, 7 and 8.

a All the data in this column have been calculated as the weighted average of the quarterly data.

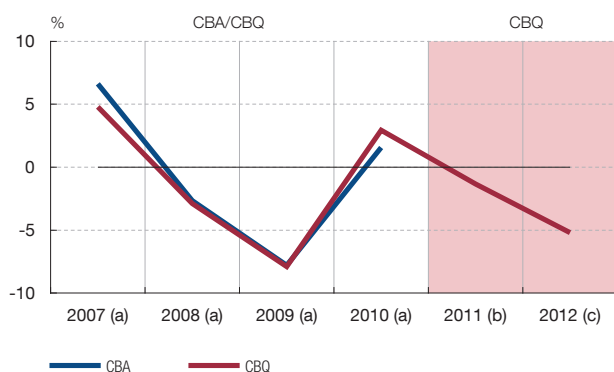
b NA = Net assets of non-interest-bearing borrowing; E = Equity; IBB = Interest-bearing borrowing; NA = E + IBB. The financial costs in the numerators of ratios R.1 and R.2 only include the portion of financial costs that is interest on borrowed funds (5.1) and not other financial costs (5.2).

Chart 2 shows the evolution of the percentiles of the distribution of firms according to their changes in GVA. Declines are observed in all the quartiles, with a notable fall in the 75th percentile (above which lie the 25% of the sample firms reporting the largest increases in GVA), to 10.7% in the first half of 2012, down more than seven percentage points from its level a year earlier.

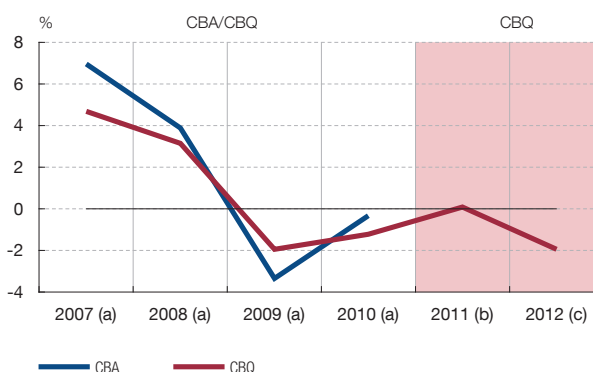
Employment and personnel costs

Personnel costs fell by 1.9% year-on-year in the first half of 2012, after remaining virtually unchanged during the same period of the previous year. This was the result of a fall in the

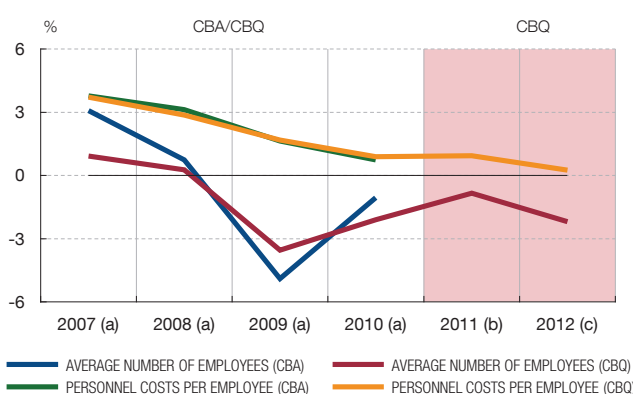
GROSS VALUE ADDED AT FACTOR COST
Rate of change



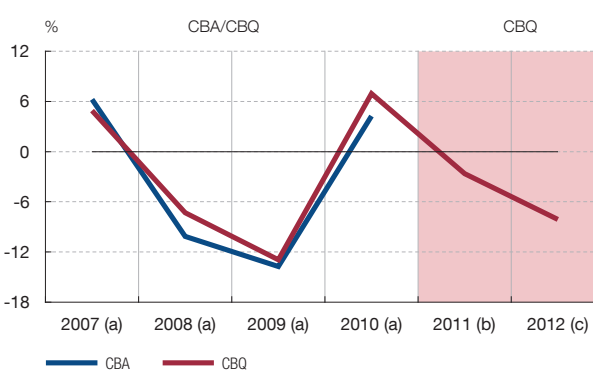
PERSONNEL COSTS
Rate of change



EMPLOYMENT AND WAGES
Rate of change



GROSS OPERATING PROFIT
Rate of change



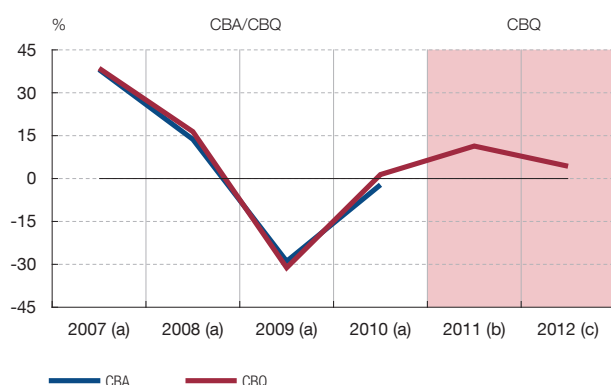
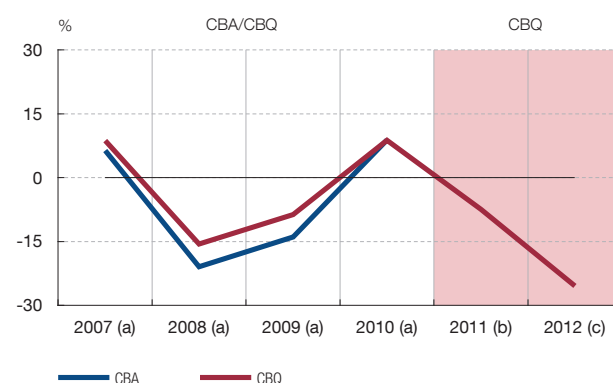
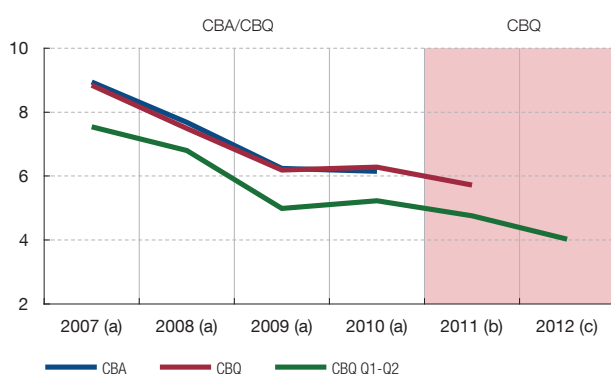
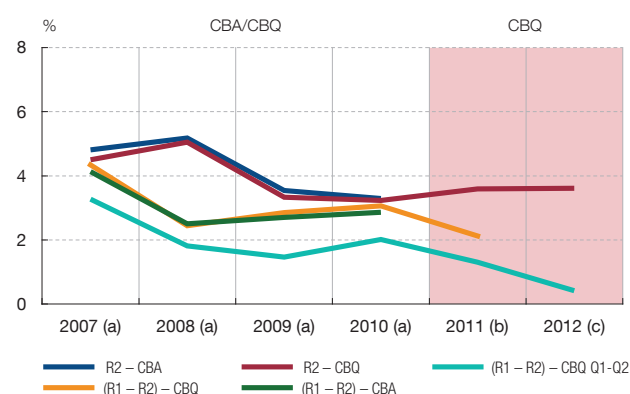
Non-financial corporations		2007	2008	2009	2010	2011	2012
Number of corporations	CBA	9,321	9,639	9,836	8,347	—	—
	CBQ	851	819	805	812	814	737
Percentage of GVA of the sector non-financial corporations	CBA	33.7	31.4	31.0	29.1	—	—
	CBQ	14.2	13.0	12.7	13.2	13.0	11.8

SOURCE: Banco de España.

- a The 2007, 2008, 2009 and 2010 data are for the corporations reporting to the annual survey (CBA) and the average for the four quarters of each year in relation to the previous year (CBQ).
b Average of the four quarters of 2011 relative to the same period in 2010.
c Data for 2012 Q1-Q2 relative to the same period in 2011.

average level of employment at the sample firms (-2.2%) that was slightly offset by an increase of 0.2% in average compensation (see Table 3).

During the first six months of 2012, employment in the CBQ continued to decline, at a year-on-year rate of 2.2%, which was more than one percentage point higher than the falls observed in the same period of the previous year and in 2011 as a whole. In line with this adverse development, Table 4 shows that in the first half of this year the number of firms destroying employment increased significantly, to 59.9% of the quarterly sample, up more than 6 pp from the same period of the previous year. By type of contract, temporary employment continued to bear the brunt of the adjustment, with a decline of 13.5 % (see Table 5), while the number of workers with permanent contracts eased moderately (-0.6%).

FINANCIAL COSTS
Rate of changeORDINARY NET PROFIT
Rate of changeRETURN ON INVESTMENT (R.1)
RatiosCOST OF DEBT (R.2) AND ROI – COST OF DEBT (R.1-R.2)
Ratios

Reporting non-financial corporations		2007	2008	2009	2010	2011	2012
Number of corporations	CBA	9,321	9,639	9,836	8,347	—	—
	CBQ	851	819	805	812	814	737
Percentage of GVA of the sector non-financial corporations	CBA	33.7	31.4	31.0	29.1	—	—
	CBQ	14.2	13.0	12.7	13.2	13.0	11.8

SOURCE: Banco de España.

- a The 2007, 2008, 2009 and 2010 data are for the corporations reporting to the annual survey (CBA) and the average for the four quarters of each year (CBQ). The rates are calculated relative to the previous year.
- b Average of the four quarters of 2011. The rates are calculated relative to the same period in 2010.
- c Data for 2012 Q1-Q2. The rates are calculated relative to the same period in 2011.

The sectoral breakdown reveals that the decreases were quite widespread, the largest ones being recorded in information and communication (-4.9%), the miscellaneous “other activities” sector (-3.3%) and industry (-2.9%) (see Table 3). By contrast, wholesale and retail trade and accommodation and food service activities was the only sector in which the average number of workers increased (0.4%), a rate that was nonetheless lower than a year earlier (1.8%).

Average compensation grew by 0.2%, a lower rate than in the first half of the previous year (1.1%) and in 2011 as a whole (0.9%). The sectoral breakdown shows that in wholesale and retail trade and accommodation and food service activities the rise was 0.5% and in

**PURCHASES AND TURNOVER OF CORPORATIONS REPORTING DATA ON
PURCHASING SOURCES AND SALES DESTINATIONS**
Structure and rate of change. Percentages

TABLE 2

		CBA	CBQ (a)		
		2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2
Total corporations		8,347	814	737	737
Corporations reporting source/destination		8,347	773	688	688
Percentage of net purchases according to source	Spain	65.6	82.0	81.3	81.1
	Total abroad	34.4	18.0	18.7	18.9
	EU countries	17.0	12.8	14.5	14.5
	Third countries	17.4	5.2	4.3	4.4
Percentage of net turnover according to destination	Spain	83.3	86.0	86.7	85.1
	Total abroad	16.7	14.0	13.3	14.9
	EU countries	11.2	9.7	10.0	10.8
	Third countries	5.5	4.3	3.3	4.1
Change in net external demand (exports less imports), rate of change	Industry	21.2	31.7	31.7	34.5
	Other corporations	39.3	87.1	87.1	89.3

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the relevant quarterly data.

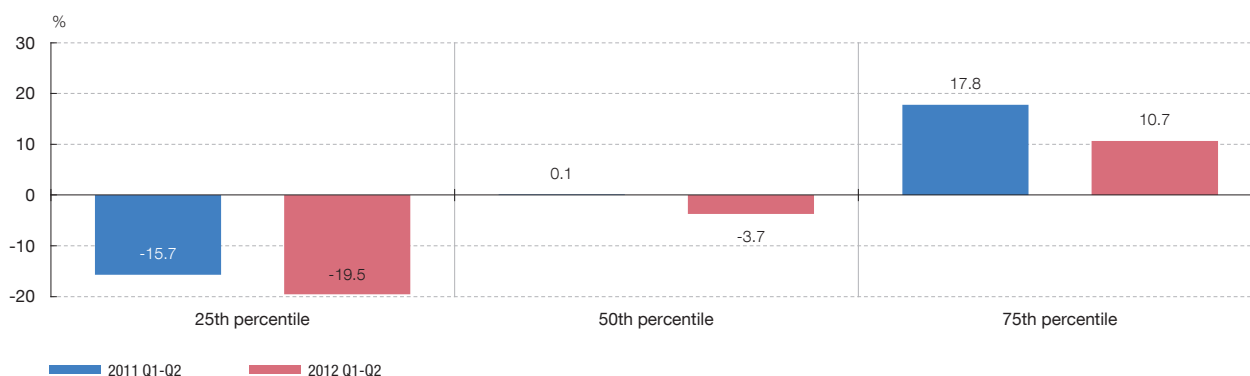
**VALUE ADDED, EMPLOYEES, PERSONNEL COSTS AND PERSONNEL COSTS PER EMPLOYEE.
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS**
Growth rate of the same corporations on the same period a year earlier. Percentages

TABLE 3

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Personnel costs per employee			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2
TOTAL	1.6	-1.3	-1.3	-5.2	-1.1	-0.8	-1.0	-2.2	-0.3	0.1	0.0	-1.9	0.7	0.9	1.1	0.2
Size																
Small	-3.8	—	—	—	-4.3	—	—	—	-3.1	—	—	—	1.3	—	—	—
Medium	0.9	-0.2	3.9	-5.8	-2.0	-1.5	-1.3	-3.6	-0.7	-0.3	0.3	-2.5	1.3	1.3	1.7	1.2
Large	1.8	-1.4	-1.5	-5.2	-0.8	-0.8	-1.0	-2.1	-0.2	0.1	0.0	-1.9	0.6	0.9	1.1	0.2
Breakdown of activities																
Energy	7.6	-0.4	-0.2	-3.8	-2.1	-1.9	-1.3	-1.2	0.5	0.6	0.6	-1.2	2.6	2.6	1.9	0.0
Industry	8.6	1.2	4.9	-8.8	-2.4	-0.4	-0.6	-2.9	-0.1	1.6	2.1	-0.9	2.3	2.0	2.8	2.1
Wholesale & retail trade & accommodation & food service activities	1.8	-1.7	-3.3	-1.5	-0.5	1.7	1.8	0.4	0.5	2.0	2.1	0.9	1.0	0.3	0.2	0.5
Information & communication	-4.9	-5.4	-4.1	-9.4	-1.7	-0.1	-0.3	-4.9	-0.3	2.2	2.7	-3.8	1.4	2.3	3.0	1.2
Other activities	-2.3	0.0	-1.7	-3.7	-0.6	-2.7	-3.3	-3.3	-1.1	-2.2	-2.7	-3.4	-0.5	0.5	0.6	-0.1

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the quarterly data.



SOURCE: Banco de España.

PERSONNEL COSTS AND EMPLOYEES

Percentage of corporations in specific situations

TABLE 4

	CBA		CBQ (a)			
	2009	2010	2010 Q1-Q4	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2
Number of corporations	9,836	8,347	812	814	835	737
Personnel costs	100	100	100	100	100	100
Falling	57.4	48.6	49.5	49.3	47.9	58.0
Constant or rising	42.6	51.4	50.5	50.7	52.1	42.0
Average number of employees	100	100	100	100	100	100
Falling	54.7	46.6	56.1	53.6	53.3	59.9
Constant or rising	45.3	53.4	43.9	46.4	46.7	40.1

SOURCE: Banco de España.

a Weighted average of the relevant quarters for each column.

energy average wages were unchanged, while in “other activities” a slightly negative rate of change in average compensation was recorded (-0.1%). Conversely, in information and communication and in industry personnel costs per worker grew at a higher rate than on average in the CBQ sample (by 1.2% and 2.1%), although in both cases the rates were below those recorded in the same period of the previous year.

Profits, rates of return and debt

The contraction in GVA in the first half of 2012 was passed through to gross operating profit, which decreased by 8.1%, 5.5 percentage points more than in the same period of 2011.

Financial revenue fell by 18.7%, influenced by dividends received, which fell by 25.7%, following a sharp increase in the first half of 2011. Interest revenue also fell, although much more moderately (-0.5 %).

Financial costs increased by 4.2%, down from 10.2% a year earlier. The information in Table 6 shows that the increase in interest borne by firms was basically due to a slight rise in the average cost of debt, insofar as the impact associated with changes in the amount of interest-bearing debt was very small, since these liabilities increased by barely 1%. This behaviour is also consistent with the context of lack of investment in the Spanish economy,

		Total CBQ corporations 2012 Q1-Q2	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
Number of corporations		737	325	412
Number of employees				
Initial situation 2011 Q1-Q2 (000s)		672	251	421
Rate 2012 Q1-Q2/2011 Q1-Q2		-2.2	5.0	-6.5
Permanent	Initial situation 2011 Q1-Q2 (000s)	589	223	366
	Rate 2012 Q1-Q2/2011 Q1-Q2	-0.6	5.5	-4.3
Non-permanent	Initial situation 2011 Q1-Q2 (000s)	83	28	55
	Rate 2012 Q1-Q2/2011 Q1-Q2	-13.5	1.7	-21.4

SOURCE: Banco de España.

which is also confirmed by the CBQ sample data, according to which gross fixed capital formation declined by 19.7% in the first six months of 2012.

The E1 ratio, which measures the level of debt relative to total net assets, rose by more than 1 pp to stand at 48.4% (see Chart 3), owing to the slight growth in debt and, above all, the decline in own funds (a component of the denominator of this ratio). In the case of E2, which relates interest-bearing borrowing to gross operating profit and financial revenue, a more marked increase was observed in the first half of 2012, driven by the decline in ordinary profit. The ratio measuring the interest burden maintained the upward trend that commenced in 2011, growing by more than four percentage points from its level in 2011, to 28.5%. This is basically explained by the significant contraction in GOP and financial revenues (the denominator of this ratio). In short, the path of these indicators shows how the degree of financial pressure to which firms are subject has increased.

The developments in operating activity and financial costs and revenues caused ordinary net profit to decline in the first half of 2012 by 25.4% (in contrast to the 2.7% increase in 2011), entailing a fall in ordinary profitability levels (see Table 7). Thus the ratio that approximates the return on investment stood at 4%, as compared with 4.8% in the same period of 2011, and the return on equity stood at 4.4%, down 1.5 percentage points from twelve months earlier. By sector, the reduction in these indicators was more pronounced in industry, wholesale and retail trade and accommodation and food service activities, and in the miscellaneous “other activities” sector, for which the return on investment stood at 3.4%, 4.8% and 2.6%, respectively, in all three cases down about 1 pp from a year earlier. Conversely, in energy and information and communication the levels were slightly higher than in the preceding year. The information in Table 8, which shows the distribution of firms according to their profitability, reveals a shift in the first half of 2012 towards segments with lower ROI levels (less than 5%). The decline in the return on investment was the main reason why the differential between this indicator and the cost of borrowing narrowed again, to a very low level for the sample as a whole, of 0.4%. The sectoral data also reveal that in the case of the industry and “other activities” aggregates this differential stood at negative levels (around -1%), as a consequence of the heavy impact on these sectors of the deterioration in the economic situation.

Finally, an analysis of extraordinary gains (losses) shows that in the first half of 2012 they exerted a strong negative influence on net profit. The main reason was the recognition of

ANALYSIS OF DEVELOPMENTS IN FINANCIAL COSTS
Percentages

TABLE 6

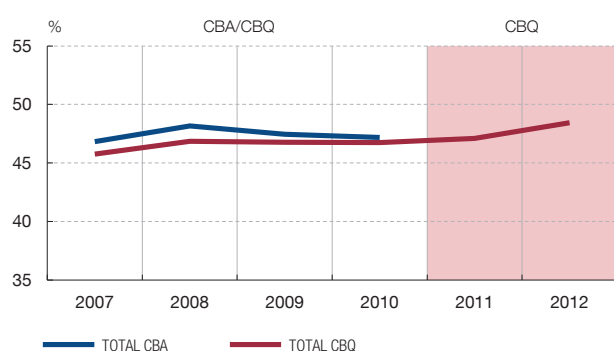
	CBA	CBQ	
	2010/2009	2011 Q1-Q4/ 2010 Q1-Q4	2012 Q1-Q2/ 2011 Q1-Q2
Change in financial costs	-2.2	11.3	4.2
A Interest on borrowed funds	-2.8	12.6	4.7
1 Due to the cost (interest rate)	-6.9	12.4	3.7
2 Due to the amount of interest-bearing debt	4.1	0.2	1.0
B Other financial costs	0.6	-1.3	-0.5

SOURCE: Banco de España.

DEBT RATIOS

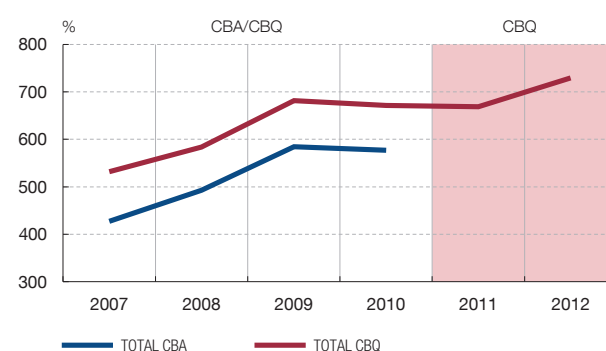
CHART 3

E1. INTEREST-BEARING BORROWING/NET ASSETS (a)
Ratios



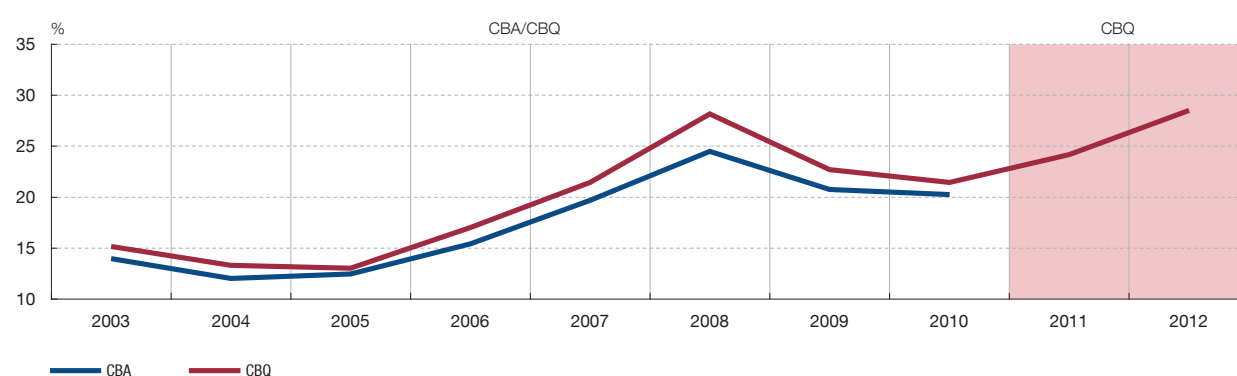
	2007	2008	2009	2010	2011	2012
CBA	46.8	48.2	47.5	47.2		
CBQ	45.8	46.8	46.8	46.7	47.1	48.4

E2. INTEREST-BEARING BORROWING/(GOP + financial revenue) (b)
Ratios



	2007	2008	2009	2010	2011	2012
CBA	427.0	492.6	584.5	576.7		
CBQ	531.7	584.0	681.8	671.6	668.6	729.6

INTEREST BURDEN
(interest on borrowed funds)/(GOP + financial revenue)



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CBA	14.0	12.0	12.5	15.4	19.7	24.5	20.8	20.2		
CBQ	15.2	13.3	13.0	17.0	21.4	28.2	22.7	21.4	24.2	28.5

SOURCE: Banco de España.

- a Ratio calculated from final balance sheet figures. Own funds include an adjustment to current prices.
b Ratio calculated from final balance sheet figures. Interest-bearing borrowing includes an adjustment to eliminate intragroup debt (approximation of consolidated debt).

**GROSS OPERATING PROFIT, ORDINARY NET PROFIT, RETURN ON INVESTMENT AND
ROI-COST OF DEBT (R.1 – R.2).
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS**
Ratios and growth rates of the same corporations on the same period a year earlier. Percentages

TABLE 7

	Gross operating profit				Ordinary net profit				Return on investment (R.1)				ROI-Cost of debt (R.1-R.2)			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2	2010	2011 Q1-Q4	2011 Q1-Q2	2012 Q1-Q2
TOTAL	4.3	-2.6	-2.6	-8.1	8.9	-7.4	2.7	-25.4	6.1	5.7	4.8	4.0	2.9	2.1	1.3	0.4
Size																
Small	-5.9	—	—	—	6.2	—	—	—	3.7	—	—	—	0.2	—	—	—
Medium	4.1	0.0	9.1	-10.1	18.2	6.7	26.2	-17.0	5.0	6.2	6.2	5.8	1.7	2.9	3.3	2.5
Large	4.5	-2.7	-2.9	-8.1	8.4	-7.8	2.1	-25.7	6.2	5.7	4.7	4.0	2.9	2.1	1.3	0.4
Breakdown of activities																
Energy	11.1	-0.8	-0.5	-4.5	5.3	-11.3	-6.8	-1.4	6.2	5.5	4.8	5.1	2.9	2.1	1.5	1.5
Industry	25.5	0.5	9.7	-21.4	73.4	42.4	97.1	-46.4	6.1	4.9	4.5	3.4	2.4	0.8	0.5	-1.0
Wholesale & retail trade and accommodation & food service activities	4.4	-8.0	-11.9	-6.0	5.2	-9.2	-15.6	-2.0	7.9	5.8	5.8	4.8	4.2	2.1	2.4	1.3
Information & communication	-7.2	-8.4	-6.9	-11.9	-8.7	-11.7	-9.1	-16.3	23.3	24.3	24.5	25.3	19.1	20.0	19.7	21.6
Other activities	-5.8	5.0	0.5	-4.3	1.7	-9.1	26.3	-67.0	4.8	4.9	3.5	2.6	1.6	1.3	0.1	-0.9

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the quarterly data.

STRUCTURE OF RETURN ON INVESTMENT AND ORDINARY RETURN ON EQUITY

TABLE 8

		CBQ			
		Return on investment (R.1)		Ordinary return on equity (R.3)	
		2011 Q1-Q2	2012 Q1-Q2	2011 Q1-Q2	2012 Q1-Q2
Number of corporations		835	737	835	737
Percentage of corporations by profitability bracket	R ≤ 0	29.1	31.0	33.7	37.2
	0 < R ≤ 5	25.6	27.5	16.8	17.6
	5 < R ≤ 10	15.9	14.9	11.9	11.6
	10 < R ≤ 15	8.1	7.8	8.5	7.8
	15 < R	21.4	18.9	29.1	25.8
MEMORANDUM ITEM: Average return		4.8	4.0	5.9	4.4

SOURCE: Banco de España.

significant capital losses, associated basically with financial assets, which stemmed both from losses arising on disposals and from negative changes in fair value. This led to a steepening of the decline in net profit, which fell by 76.4% in the first half of 2012. Expressing this surplus as a percentage of GVA, a sharp decline in the period analysed is also observed, to 7.8%, well below the 31.3% level it stood at a year earlier, and the lowest level recorded in the CBQ series since 1994.

12.9.2012.

